Statement-II

Important steps taken by the Government to boost cotton production

(i) To improve productivity and quality of cotton for manufacture and export of competitive downstream textiles products, Government launched the **Technology Mission on Cotton (TMC)**. The Mission has achieved success in increasing productivity and reducing contamination through the upgradation of cotton market yards and the modernisation of Ginning & Pressing factories.

(ii) The **Technology Upgradation Fund Scheme (TUFS)** was launched to facilitate the modernisation and upgradation of the textiles industry in the organised and unorganized sectors. The Scheme was further fine-tuned to attract rapid investments in the targeted sub-sectors of the textiles industry. The cost of machinery was sought to be brought down by reducing the customs duty on imports.

(iii) For the speedy modernisation of the textiles processing sector, Government introduced, *w.e.f.* 20.04.05, a credit linked capital subsidy scheme @ 10% under TUFS, in addition to the existing 5% interest reimbursement.

(iv) to provide the textiles industry with world-class infrastructure facilities to set up their textiles units that would meet international environmental and social standards, a Public Private Partnership (PPP) based Scheme known as the **"Scheme for Integrated Textile Park (SITP)"** was introduced in August 2005.

(v) In 2004-05 Budget, the entire textiles sector, except for man-made fibre and filament yarn, was provided optional exemption from excise duty.

(vi) To facilitate the import of state of the art machinery to make Indian products internationally competitive in the post quota regime, in the Budget for 2005-06, the customs duty on textiles machinery was brought down to 10%. Only 23 machinery items appear in List-49, which attracts a Basic Customs Duty (BCD) of 15%. The concessional duty of 5% continues on most machinery items.

(vii) In the Budget for 2005-06, 30 knitting and knitwear items were de-reserved. This would facilitate the setting up of large sized modernized units to meet the international competition.

(viii) Government launched the Debt Restructuring Scheme *w.e.f.* Sept, 2003 with the principal objective of permitting banks to lend to the textiles sector at an 8-9% rate of interest.

(ix) Government has allowed 100% Foreign Direct Investment in the textiles sector under the automatic route.

(x) Government has de-reserved the readymade garments, hosiery and knitwear from the SSI sector so that large scale investment is encouraged in these sectors.

Textile employees who opted for VRS

1004. SHRIMATI SUSHMA SWARAJ: Will the Minister of TEXTILES be pleased to state:

(a) the number of employees of units of Public Sector Undertaking under Ministry of Textile who have taken voluntary retirement from service during 2005-06;

(b) to what extent the number of employees opted for VRS is more or less in comparison to the last years; and

(c) whether it is a fact that most of the employees have taken this step due to change in nology?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN): (a) 7694 employees of units of Public Sector Undertaking under Ministry of Textiles have taken voluntary retirement from service during 2005-06.

(b) The number of employees who opted for VRS during 2005-06 were 3.41% higher in comparison to the year 2004-05 as the employees who took voluntary retirement during 2004-05 were 7440.

(c) No, Sir.

Missing the target of textile exports

1005. SHRI EKANATH K. THAKUR: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that textile exports this year are now slotted to reach $ 23 billion, down from the original target of $ 25 billion;

(b) whether it is a fact that last year's target was also missed by a couple of billion dollars and countries like China and Bangladesh have done better in international markets; and

(c) if so, whether Government has carried out any investigations in this matter and the action proposed thereon?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN): (a) A target of US Dollar 25.06 billion was set for textiles exports during 2007-08. During the first quarter, *i.e.*, April-June, 2007, export of US Dollar 4.01 billion of textiles items was achieved. However, the textiles industry is making sincere efforts to meet the target during the current financial year.

(b) and (c) As per the provisional data of the Directorate General of Commercial Intelligence & Statistics, Kolkata, exports of textiles and clothing amounted to US$ 18.73 billion during 2006-07 against a target of US $ 19.73 billion, showing a shortfall of about 5% of the target. The details of textiles and clothing exports of India in comparison to China and Bangladesh during 2005 and 2006 are given below:

(Value in US $ million)

Name of exporting countries	2005		2006		% variation	
	Textiles	Clothing	Textiles	Clothing	Textiles	Clothing
China	41050	74163	48683	95388	18.59	28.62
India	8462	9212	9330	10192	10.26	10.64
Bangladesh	696	7751	*	*	*	*

SOURCE: World Trade Organisation

(* Figures not available)

To strengthen the textiles industry, the Government has provided several relief measures, which include increase in Duty Entitlement Pass Book and Duty Drawback rates, exemption from service tax on select services, reduction in interest rates of pre-shipment and post-shipment credit and faster clearance of arrears of terminal excise duties and Central Sales Tax.